

**AGENDA ITEM 6**  
**AUDIT RESOLUTION STATUS– HEALTH PLAN AUDITS**  
**(PRIOR YEAR REPORTS WITH CURRENT YEAR UPDATES)**  
**AS OF DECEMBER 31, 2007**

<b>Name of Auditee (Report Issue Date)</b>	<b>Summary of Findings</b>	<b>Status/Comments</b>
Third Party Administration of Long Term Care Program (Long Term Care Group) (9/24/04)	2. The Long Term Care Group should convert to the new Financial Management System.	IN PROGRESS. Health Benefits and Fiscal Services continue to validate the benefits of converting to the new Financial Management System. The external auditor is anticipated to follow up on this issue later in fiscal year 2007-08.
Review of Kaiser Foundation Health Plan, Inc. (8/22/05)	1.1 Kaiser should modify the Medicare eligibility report used by CalPERS staff to research and validate Medicare eligibility.  1.2 Some of the worksheets transmitted from Kaiser to Health Benefits Branch include information that is no longer useful, and some field parameters may need to be modified. Kaiser should work with the Health Benefits Branch on modifying field elements in the report, as needed. In addition, Kaiser should consider archiving the historical data and submit only the more relevant monthly data.	IN PROGRESS. Health Benefits Branch continues to work with Kaiser on revising the Medicare eligibility reports.  IN PROGRESS. Health Benefits Branch continues to work with Kaiser on revising the Medicare eligibility reports.
Review of Blue Cross of California (09/29/06)	1. Blue Cross does not follow up with a telephone call if the member has switched plans one month prior to the member's birthday as required by the contract and as outlined in Blue Cross' procedures manual.  3.1 Our review of the behavioral health cases revealed that non-CalPERS members may be included because there were not enough cases to meet the performance measure.  8.1 The design of the audit activities report does not allow for sufficient analytical comparisons to the Monthly Recovery report. This additional step would allow CalPERS to ensure that recoveries through the audit are credited back to CalPERS.	IN PROGRESS. Blue Cross will work with CalPERS to amend the contract to incorporate the revised agreed upon procedures.  IN PROGRESS. Blue Cross will meet with CalPERS within the next 30 days to discuss the issue.  IN PROGRESS. Blue Cross has been working with CalPERS staff to set a time to discuss the revision of current reports to identify recoveries and overpayments.

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Review of Blue Cross of California (09/29/06) (continued)	14.1 The Third Party Liabilities and Workers' Compensation Liens, Hospital Bill Audit, and fraud recoveries could not be tied back to the supporting documentation provided for the Administrative Service Bill.	IN PROGRESS. Blue Cross has been working with CalPERS staff to set a time to discuss the revision of current reports to identify recoveries and overpayments.
Review of Long Term Care Group, Inc. (6/15/07)	<p>3.1 Long Term Care Group did not meet some of the performance goals for two or more consecutive months in application processing. The methodology used by Long Term Care Group resulted in an understatement of their actual performance. We recommend Long Term Care Group work with Health Benefits Branch on resolving issues related to the performance standards.</p> <p>3.2 Long Term Care Group only reported the percentage of claim inquiries completed between 11 to 15 days rather than all claim inquiries processed within 15 days. The methodology used consequently caused Long Term Care Group to understate their actual performance.</p> <p>3.3 Long Term Care Group will correct the scorecard to reflect total percent of claims processes within 15 working days. Long Term Care Group understated the performance due to the methodology being used to determine the percentage.</p> <p>3.4 Long Term Care Group has one month that is subject to penalty for not responding to member inquiries within the 10-day turnaround requirement.</p>	<p>CONCUR. Long Term Care Group will develop an automated monthly report.</p> <p>CONCUR . Long Term Care Group adjusts the service timing on the scorecard and provides the Health Benefits Branch an explanation on the monthly claims report. The scorecard has been updated to reflect the correct percentages.</p> <p>CONCUR. Long Term Care Group has corrected the scorecard to reflect the correct percentages being reported to the Health Benefits Branch.</p> <p>CONCUR. Long Term Care Group will review the current procedures to determine how to better track response time and ensure the 10-day turnaround requirement is met. Long Term Care Group will complete this review and provide updated tracking documentation to Health Benefits Branch within 90 days following the response.</p>

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Review of Long Term Care Group, Inc. (6/15/07) (continued)	3.5 CalPERS found that there is no methodology explicitly stated in the agreement as to how the performance standards should be calculated. We believe the methodology used by Long Term Care Group to report the measures appears reasonable, except for the application and claims processing goals.	CONCUR. Long Term Care Group provided justification as to why the service goals were not met for the four months subject to penalty.
	4.1 Measurements are taken from the system's morning queue and transferred to an Excel spreadsheet; however, the reports generated to create the spreadsheet are not retained. Therefore, the accuracy of the reports could not be validated.	CONCUR. Long Term Care Group plans to develop an automated monthly report.
	4.2 An area of measurement is for Long Term Care Group to process 95 percent of requests for determination of activities of daily living dependency within 10 days. Long Term Care Group overstated the performance by one to five percent in three out of four months sampled.	CONCUR. Percentages for requests for benefits completed within 10 days that were incorrectly reported have been corrected to report on requests for benefits per the Long Term Care Group Request for Benefit Eligibility Report # 6.1.5.1. The scorecard has been updated to reflect the correct percentages.
	4.3 An area of measurement is for Long Term Care Group to process 95 percent of initial care plans after verifying activities of daily living dependency within 10 days. Long Term Care Group overstated the performance by two to five percent in three out of four months sampled.	CONCUR. Percentages for care plans completed within 10 days that were incorrectly reported have been corrected to report on care plans completed within 10 days per the Long Term Care Group Initial Care Plan Report # 6.1.1.2. The scorecard has been updated to reflect the correct percentages.
	4.4 An area measurement is for Long Term Care Group is to process 95 percent of claim inquiries within 10 days. Long Term Care Group overstated the performance by .4 to 3 percent in three out of four months sampled.	CONCUR. Long Term Care Group adjusts the service timing on the scorecard and provides the Health Benefits Branch an explanation on the monthly claims report. The scorecard has been updated to reflect the correct percentages.

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Review of Long Term Care Group, Inc. (6/15/07) (continued)	4.5 We found variances in three out of four months sampled. One month, Long Term Care Group performed better than reported and understated their performance by 2.5 percent. In another month, Long Term Care Group reported 100 percent, instead of not applicable due to zero inquiries in the respective month. For the third variance identified, Long Term Care Group reported not applicable, when the performance should have been 50 percent.	CONCUR. Long Term Care Group will review the current procedures to determine how to better track response time and ensure the 10 day turnaround requirement is met. Long Term Care Group will complete this review and provide it to Health Benefits Branch within 90 following this response.
	4.6 An area of measurement is to answer 90 percent of calls in less than 60 seconds. In this measurement Long Term Care Group performed better than reported and understated performance by .6 to 2.4 percent.	CONCUR. Long Term Care Group identified what caused these errors. Long Term Care Group has re-trained the call center staff and this should not be an issue in the future.
	4.7 An area of measurement is to have a call abandonment rate less than 5 percent. We found that Long Term Care Group performed better than reported and understated performance in all four months by .05 to .68 percent.	CONCUR. Long Term Care Group found that there was a miscommunication on how to calculate voice mail messages received in the claims department. Long Term Care Group has re-trained the call center staff and this should not be an issue in the future.
	4.8 Customer service statistics are only retained for 387 days due to a Long Term Care Group system limitation. The existing retention period may cause future difficulty to support performance reported to CalPERS, particularly because the audit provision of the agreement allows for an audit to be conducted during and for three years after the term of the agreement.	CONCUR. Long Term Care Group is in the process of resetting the system to a 5 year storage capacity. Although the increase in storage will not impact calls received prior to resetting the system, it will address storage going forward.

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Review of Long Term Care Group, Inc. (6/15/07) (continued)	6.1 CalPERS reviewed Long Term Care Group's return mail procedures and found that Long Term Care Group attempts to contact the member based upon the information on file. If the post office affixes a forwarding address label, the written procedures provide that Long Term Care Group is to send a change of address form to the new address to confirm the change.	CONCUR. Long Term Care Group will continue to work with CalPERS Health Benefits Branch to minimize the amount of returned mail.